



NEWSLETTER

Arkansas Society of Certified Public Accountants

April 2009

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President's Message

It has truly been an honor to serve as your President over the past year. It has been without a doubt one of my most rewarding years as a professional, and I am grateful both for the opportunity to serve and to those who have made my job easier.

I would first like to thank our Executive Director Barbara Angel, not only for having the confidence in me to put my name before the nominating committee almost 3 years ago, but for her ongoing support and guidance over the past year. I am also grateful to immediate Past-President Keith Crass for his support and continued contributions to the Society. The Society staff has always been there to provide help whenever I needed it.

It was an honor to help raise money for our Student Education Fund last year, and I am grateful to Campaign Co-Chairs Jimmie Shannon and Mike Hagen for their efforts, as well as my Honorary Co-Chair Mike Watts, and all of the Campaign Committee Members.

It has been a privilege to travel to our different chapters around the state with Barbara and talk about some of the important issues facing our Profession, as well as meet our chapter leaders and members.

Recently, Arkansas became the first state to pass Mobility legislation in 2009. Thanks to John Peace, Keith Crass, and Stan Kozij for their efforts in this area, as well as Leveta Ray and the members of the State Board of Public Accountancy.

I would like to thank our Board of Directors for their support and guidance.

Probably the most important thing I learned during my year as President is that one reason our Society has been successful over the years is because we have had great volunteer leaders: individual CPAs who have been willing to contribute their time and expertise to help make our Society one of the best in the country.

I encourage our members who are not active in the Society to take an active role, whether at the chapter or state level. It is a rewarding experience that will not only help you grow as a professional, but will also contribute to the growth and success of the Society.

As I prepare to step down, I know I leave you in good hands with President-Elect Jim Petty. Jim is passionate about many of the key issues facing our Society, and I look forward to

supporting him as Keith supported me during my year as President.

Thank you all once again for one of the most rewarding years in my career, and I look forward to supporting the Society for many years into the future.

Ronald F. Pitts
ASCPA President

ASCPA on Facebook

ASCPA is now on Facebook. Facebook is a free-access social networking Web site that is operated and privately owned by Facebook, Inc.

If you are already a Facebook user, you can find us by typing the keyword "Arkansas Society of CPAs" in its search box. If you are not a Facebook user, you can sign up by going to the site www.facebook.com. It is free and anyone can join. The objective of the group is to bring CPAs from Arkansas to one place for sharing and connection.

Thank You

The ASCPA Student Education Fund would like to express appreciation to the following for their contributions since publication of the March Newsletter:

Mentor (\$100 - \$499) - William B. Cottrell

Contributions Sent With Dues

- Richard Denny
- Connie S. Dunn
- Philip D. Koonce
- Kimberly A. Kreider
- Jeff N. Moody
- Thomas G. Morris, Jr.
- Jerrold E. Pruden
- Randy W. Queen
- Bart M. Scivally
- Harry D. Simmons

Other

Arkansas Society of CPAs
(In memory of Jerry P. Anderson,
Bob L. Gaddy, Robert E. Feemster, and
Robert W. Sponseller)

Deadline Approaching - Don't Lose Your 2005 R&D Tax Credits

By: Saqib Dhanani, Director,
Paradigm Partners

With tax season upon us and tax filing deadlines approaching, there is an important deadline approaching for companies interested in filing for the R&D Tax Credit.

One of the great benefits of the R&D Tax Credit is that companies that qualify for the credit and have not been taking it can go back 3 open tax years and claim those missed incentives. Now because this is a credit and not a deduction, by amending the returns to reflect for the credit that should have been taken, the company is essentially claiming that overpayments have been made in taxes and a refund check will be issued by the IRS.

That's the good news, the bad news is that a statutory deadline exists and if you miss that deadline, you have lost the credits forever.

To determine the statutory deadline for a year, you must add three years to the date the return was filed for that open tax year. If that date has passed then that tax year is closed for the R&D Tax Credit.

In general, if a company did not file

an extension, then the deadline is three years from the last day to file even if filed early. However, there are specific exceptions to the rule, depending on the type of company and whether the returns were filed on extension. If a company filed an extension, then deadline is three years from the same date when the company filed the return (not the last day of extension).

Typical situations are given in the following examples:

Examples for 2005 Tax Year Returns

Since the open tax year in question at this time is 2005, let's look at some examples for 2005.

A company is a C-Corp, Calendar Year ending 12/31/05, and filed on time: March 15, 2006.

- Adding three years to this date will result in a March 15, 2009 deadline. Since this date has not passed, for R&D Tax Credit purposes, 2005 is still open.

A company is a C-Corp, Calendar Year ending 12/31/05, and filed early: March 10, 2006.

- Then the deadline is March 15, 2009; **not** March 10, 2009.

A company is a C-Corp, Calendar Year ending 12/31/05, and 2005 return was filed on extension, September 3, 2006.

- Then the deadline is September 3, 2009; **not** September 15, 2009. Since this date has not passed, 2005 is still open for the credit.

The same rules apply for companies that are C-Corps and use a Fiscal Year.

A company is a C-Corp, 2005 Fiscal Year ending 3/30/06, and filed on time: June 15, 2006.

- Adding three years to this date will result in a June 15, 2009, deadline. Since this date has not passed, for R&D Tax Credit purposes, 2005 is still open.

Although S-Corps must file on March 15, it is the shareholders that benefit from the credit. So it is their tax deadlines with which we need to be concerned.

A company is an S-Corp or Partnership or other pass-through entity, Calendar Year ending 12/31/05, and personal returns of shareholder was filed on April 15, 2006.

- Adding three years to this date will result in an April 15, 2009, deadline. Since this date has not passed, for R&D Tax Credit purposes, 2005 is still open.

So if 2005 is still an open tax year for you or a client and you want to save the 2005 R&D Tax Credits, the time to act is now.

About the Authors:

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New COBRA Subsidies...

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In connection with HIPAA portability provisions, it is important to note that the period between the qualifying event and the coverage date under the COBRA subsidy plan is to be disregarded in determining the 63-day break in coverage period for determining whether preexisting conditions may be excluded.

IV. What new notices are required?

As with all things COBRA, proper notice is crucial. The Act states that the employer will not be deemed to have provided proper notice unless eligible individuals are provided with an additional notification that includes,

1) the availability of the premium reduction for such coverage;

2) a description of the option to enroll in different coverage if the employer permits eligible individuals to make this election;

3) all forms necessary for establishing eligibility for premium reduction;

4) the name, address, and telephone number of the plan administrator;

5) a description of the extended election period;

6) a description of the qualified beneficiary's obligation to notify the plan if they become eligible for other coverage, along with the penalties for failure to do so (110% of the premiums subsidized);

7) a prominent description of the

right to a reduced premium and any conditions on entitlement.

Within 60 days after the enactment of the Stimulus Act, the administrator of the group health plan involved must provide this notice to all individuals who became entitled to elect COBRA coverage before the date of enactment. The Act directs the Secretary of Labor to prepare model notices for this requirement within 30 days of the enactment.

For more information or assistance in complying with these COBRA requirements, contact the Bogoslavsky Law Firm at 501-244-0722 or e-mail mkrebs@bogolaw.com.